



STATE MINING AND GEOLOGY BOARD

EXECUTIVE OFFICER'S REPORT

For Meeting Date: November 20, 2003

ITEM 9 – Approval of a Financial Assurance Amount for the Dantoni Pit Site (Noble D. and Eleanor Plant, Operator), California Mine ID # 91-58-0011, Yuba County

BACKGROUND: The Surface Mining and Reclamation Act (SMARA, Public Resources Code Section 2710 et seq.) requires that each surface mining operation maintain a financial assurance in an amount adequate to reclaim, in accordance with the requirements of an approved reclamation plan, the land disturbed by the mining operation at the conclusion of mining activities. SMARA lead agencies are required annually to review the financial assurance amount for each surface mining operation, and adjust the amount as necessary to account for new land disturbed, inflation, or land reclaimed. In any event, the lead agency must ensure that the approved amount is adequate to reclaim the mine site according to the reclamation plan requirements. (PRC §2770, 2773.1; CCR §3804)

At the SMGB's March 13, 2003 meeting, the SMGB accepted the findings of the site inspection conducted on November 25, 2002, pursuant to PRC §2774, and requested the operator to provide a revised financial assurance cost estimate (FAE) by May 30, 2003. On June 2, 2003, the SMGB office received from the operator, Noble D. and Eleanor Plant, a financial assurance cost estimate in the amount of \$13,500.

This cost estimate was reviewed by the Department of Conservation's Office of Mine Reclamation, and the results presented to the operator and to the SMGB's Surface Mining Standards Committee at its September 11, 2003 meeting.

The SMGB office notified the operator by letter of September 17, 2003, of the Committee's conclusion that the operator must re-submit a revised financial assurance cost estimate that addressed several critical issues raised by the OMR in its review. The operator was provided until the close of business on October 10, 2003, to respond with a revised estimate. The operator responded by letter of October 8, 2003, (received at the SMGB office on October 10th.) with a revised cost estimate of \$36,084.

DISCUSSION: The revised cost estimate submitted by the operator is insufficient in detail to support the figures provided. The operator states that approximately 30 acres have been disturbed by the surface mining activities. Based on the analysis of the OMR and SMGB site inspections for 2002 and 2003, the amount of disturbed acreage is approximately 150 acres. The minimum financial assurance amount as calculated by the SMGB staff is \$2,140,585. This cost estimate is based on stabilizing the 150 acres site from its current condition.

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I. Primary Reclamation Activities:

\$ 130,796

Slope grading and stabilization; removal and spreading of material piles; sloping of pond perimeters; reclaim sediment basin; grading for erosion control; ripping of roads and plant sites (100 acres).

Survey for grade control: (2 surveyors @\$175/hr x 48 hrs) = \$8,400

Prepare ponds for shoreline sloping:

(D8 Dozer @ \$175/hr¹ x 100 hrs) = \$17,500

(Cat blade @ \$150/hr x 100 hrs) = \$15,000

(Excavator @ \$201/hr² x 100 hrs) = \$20,100

Scarify Plant Site:

(D8 Dozer @ \$175/hr³ x 72 hrs) = \$12,600

(Cat blade @ \$150/hr⁴ x 72hrs) = \$10,800

Reclaim sediment pond, redistribute material piles:

(988 Loader @ \$193/hr⁵ x 72hrs) = \$13,896

Water for dust control:

(Water Truck + Operator @ \$75/hr⁶ x 200 hrs) = \$15,000

Finish slope grading and site grading:

(D8 Dozer @ \$175/hr⁷ x 100 hrs) = \$17,500

II. Revegetation Activities

\$ 960,355

Cover 40 acres with 1 foot of soil:

1,613 yd³/ac. x 40 ac. = 64,520 yd³

Purchase 64,520 yd³ x \$10/yd³ delivered = \$ 645,200

Spread 64,520 yd³ soil:

(64,520 yd³ / 249 yd³/hr x \$175/hr⁸) = \$ 45,155

Applicable dozing rate (D8 Caterpillar, standard blade)⁹:

¹ Use of D8 Cat ; Includes equipment rental, fuel, and operating labor

² Includes equipment rental, fuel, and operating labor

³ Use of D8 Cat ; Includes equipment rental, fuel, and operating labor

⁴ Includes equipment rental, fuel, and operating labor

⁵ Includes equipment rental, fuel, and operating labor

⁶ Includes equipment rental, fuel, and operating labor

⁷ Use of D8 Cat ; Includes equipment rental, fuel, and operating labor

⁸ Use of D8 Cat ; Includes equipment rental, fuel, and operating labor

⁹ Caterpillar Performance Handbook

$$\frac{[A] [B] [C] [D] [E] [F]}{(500 \text{ yd}^3/\text{hr})(0.75)(0.80)(0.83)(1)} = 249 \text{ yd}^3/\text{hr. uncompacted}$$

A = Initial push rate
B = Operator efficiency
C = Material density and cohesiveness
D = Job efficiency
E = Slope
F = Adjusted push rate for uncompacted final grade

Hydroseed with prescribed seed mix:
(\$3,000/ac. x 90 ac.) = \$270,000

III. Plant Structures and Equipment Removal: **\$ 425,000**

Removal of processing facilities/equipment = \$125,000
Removal of boneyard materials = \$50,000
(Contingency for hazardous waste)¹⁰ = \$250,000

IV. Monitoring and Miscellaneous Costs: **\$ 35,000**

SMARA inspections (3 yrs. x \$2,000 each) = \$6,000
Revegetation replacement (10% of Planting Costs) = \$27,000
County grading/hauling permits = \$2,000

V. Summary of Direct Reclamation Costs: **\$1,551,151**

VI. Summary of Indirect Reclamation Costs: **\$ 310,228**

Supervision (3.6%; chart) = \$ 55,841
Profit & Overhead (6.9%, chart) = \$ 107,029
Contingencies (7%, chart) = \$ 108,580
Mobilization (2.5%, mid-point chart) = \$ 38,778

VII. Total of Direct and Indirect Costs: **\$1,861,379**

VIII. Lead Agency Administrative Costs: **\$ 279,206**
(15% of Direct and Indirect Costs)

¹⁰ Ground contamination because of hot batch plant, large boneyard with machinery, tanks, tires, etc.

IX. Total Estimated Cost of Reclamation: **\$2,140,585**

EXECUTIVE OFFICER’S RECOMMENDATION: The Executive Officer recommends that the SMGB approve a financial assurance amount of \$2,140,585 for the Dantoni Pit site. The calculation of this amount is demonstrated in this Report, and is based on an analysis by the OMR of the reclamation plan and on-site inspections conducted by the SMGB in both 2002 and 2003.

SUGGESTED MOTION LANGUAGE:

To approve the financial assurance amount:

Mr. Chairman, in light of the information before the SMGB today, I move that the SMGB approve a financial assurance for the Dantoni Pit Mine Site in the amount of \$2,140,585. The operator, Noble D. and Eleanor Plant, shall provide to the SMGB office a financial assurance instrument in the amount of \$2,140,585 in a form acceptable to the SMGB within 30 days of receipt of written notice of this action.